

TENNESSEE REGULATORY AUTHORITY

Pat Miller, Chairman
Deborah Taylor Tate, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 20, 2004

Ms. EllenAnn G. Sands, Counsel
Nowalsky, Bronston & Gothard, LLP
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002

Re: Joint Application of ITC^DeltaCom, Inc., Southern Digital Network, Inc. d/b/a FDN Communications, Inc., and Network Telephone Corporation, For Approval of the Acquisition of FDN and NT by ITC^Telecom, Inc., and for Consent to the Indirect Transfer of Control of (1) Interstate FiberNet, Inc., (2) Business Telecom, Inc. d/b/a BTI, and (3) ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom and d/b/a Grapevine. Our Docket 04-00287

Dear Ms. Sands,

In order to more fully analyze the above-referenced application in our Docket 04-00287, the Staff of the Tennessee Regulatory Authority requires more information. Please provide the information requested below by October 1, 2004. Consider this as Data Request No. 1. Your early response to these questions will enable us to act more timely.

1. Has this Application been filed in other states, and if so, what have been the results?
2. Have you applied for approval from the FCC? If so, what is the Docket No. or File No.
3. Is the "Welsh Carson" group of companies aware that you wish to reduce its percentage of ownership to below 50% so that it will not have control of the ITDC companies after the elapse of the governance agreement? Provide a signed affidavit, signed and notarized by the principals of the Welsh Carson group advising the Authority of the group's understanding and agreement to the stock issue.
4. Please forward copies of the existing credit facility agreements and a schedule of all borrowings containing date acquired, total amount available, amount currently borrowed and interest rate for each facility that will be guaranteed by FDN and NT.

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5. Provide the current balance sheet of FDN and NT. Provide a description of how the guarantee will be treated on the books.
6. Provide a schedule for each company presented in this Application listing the Docket No. under which each company received its CCN and date it was authorized. Also provide the number of customers of each in Tennessee.
7. Provide an affidavit confirming each company has registered and is in good standing with the Secretary of State in Tennessee.
8. Confirm that the Application is requesting the following Authority action:
 - a. Approval of the transfer of FDN's and NT's control and authority to ITCD.
 - b. Consent of the Authority to FDN's and NT's guarantee of the credit facilities of ITCD.
 - c. Approval of the reorganization by moving DeltaCom which is subsidiary of IFN into a first-tier company as a subsidiary of ITCD **only**.
9. Please confirm that there is **no change of control or authority** proposed between ITCD and its existing subsidiaries, IFN, BTI, and DeltaCom, because the subsidiaries are owned by ITCD now and will continue to be owned by ITCD after the stock issue.

If you have any questions or comments, please call David McClanahan at 615-741-2904, ext. 177. Please respond by sending 13 copies to:

Ms Sharla Dillon, Docket Room
460 James Robertson Parkway
Nashville, Tn. 37243-0505

Sincerely,



Aster Adams, Chief
Competitive Markets & Policy Division

Cc: Ms. Barbara H. Vonderheid
Vonderheid Associates
8101 E. Dartmouth Ave. #95
Denver, Colorado, 80231

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority